

May 22, 2006

Docket Clerk
Fruit & Vegetable Programs, AMS, USDA
1400 Independence Avenue, SW, Stop 0243
Washington, DC 20250-0243

Re. Docket Number FV06-1290-1PR
FR Vol. 71, No. 76, pages 20353-20357

To Whom It May Concern:

On behalf of the Minnesota Department of Agriculture and growers and processors of specialty crops in the State of Minnesota, I am submitting these written comments on the proposed rule relating to the Specialty Crop Block Grant Program.

While we commend the Agricultural Marketing Service for proposing regulations to clarify the use of the funds to enhance the competitiveness of specialty crops, we would like to voice a few concerns.

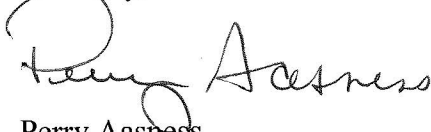
Although the program is described as a "block grant program", the regulations are written with competition for funding in mind. States must submit plans for how the grant funds will be utilized, with USDA AMS determining which proposals to accept. Each State is to be eligible for base funding of \$100,000, with the remaining funding allotted based on "the value of specialty crop production in the state in relation to the national value of specialty crop production...*in all states whose applications are accepted.*" It will be very difficult for states to submit plans including budget estimates for total project costs without knowing the amount of funding for which they may be eligible.

In addition, Sec. 1290.4(a) describes the eligibility criteria and states, "priority will be given to fresh specialty crop projects." We respectfully request that this sentence be removed. If retained, further clarification of "priority" would be necessary in order to determine whether it meant that the states should give priority to fresh specialty crops in devising their plans, or whether one state might be given priority in funding over other proposing projects involving processed specialty crops. Adding value by further processing fruits and vegetables is a vital part of keeping the specialty crop industry competitive and should not be used as a basis for discrimination in funding.

In addition, the definition of "specialty crop" in Section 1290.2(f) includes "tree nuts, dried fruits, and nursery crops (including floriculture)". Each State's specialty crop industries are different, and each State should be able to determine which projects hold the most promise for "enhancing the competitiveness" of its specialty crops. As long as the commodity falls within the statutory definition of "specialty crop", it should be treated as equally eligible for funding.

Finally, we request that the audit requirement be covered by the Single Audit Act. For such limited funding, the estimated \$5,000 - \$8,000 in audit costs is excessive. That money would be better spent where Congress intended it be spent, to enhance the competitiveness of our specialty crop industry.

Sincerely,

A handwritten signature in cursive script, appearing to read "Perry Aashess". The signature is written in dark ink and is positioned above the printed name.

Perry Aashess
Deputy Commissioner

PA:AMS:jk